



**Date:** May 19, 2014

**To:** Thomas J. Bonfield, City Manager  
**Through:** Keith Chadwell, Deputy City Manager  
**From:** Kevin Dick, Director – Office of Economic and Workforce Development  
**Subject:** Contract for City Services and Programs for the Downtown Durham Municipal Service District – FY2015

### **Executive Summary**

This item recommends the approval of a contract between the City of Durham and Downtown Durham, Inc. for City Services and Programs for The Downtown Durham Municipal Service District for FY2015.

### **Recommendation**

The Office of Economic and Workforce Development recommends the City Council to authorize the City Manager to execute a contract with Downtown Durham, Inc. to provide services within the Downtown Durham Municipal Service District (“MSD”) in an amount not to exceed \$653,503.00 for FY 2015, subject to City Council budget authorization.

### **Background**

A Municipal Services District (MSD) is a defined geographic area where property owners pay an additional tax in order to fund a variety of services that enhance, not replace, existing municipal services within the district’s boundaries. An MSD is commonly referred to as a Business Improvement District or “BID”. The implementation of the BID within Downtown Durham began on July 1, 2012.

Since the BID was implemented, the following services have been provided by the BID operator, DDI, Inc. through its contract with a third party company (first Service Group International and now, Block by Block):

- Clean and Safe Services
- Safety-related services
- Clean and hospitality services - a 7- person ambassador team
  - Enhanced sidewalk and furniture cleaning
  - Graffiti, litter and weed removal
- Hospitality and ambassador services
- Targeted enhanced economic development and marketing
- Special Events Administration of CCB Plaza
- Enhanced ability to promote residential growth, tax base growth, job creation growth and property value growth

## **Issues and Analysis**

The Business Improvement District has provided Downtown business area merchants with the resources to develop increased awareness, implement marketing campaigns, and to enhance public improvement projects in partnership with the City of Durham. Responding to information it has received from downtown property and businesses owners and researching best practices from other cities, DDI is making some specific recommendations and modifications to the enhanced services and programs for the Business Improvement District. The OEWD staff agrees with the DDI recommendations and believes supporting these enhanced services in the Business Improvement District would be a good use of the projected increase in tax revenues.

### **Master Plan update**

Purpose: to assess the current condition and outline strategies to foster further downtown economic growth.

#### Estimated Fiscal Impact

- The update of the Plan is envisioned to be a two-year process.
- It is estimated the first phase of the update can be accomplished with \$20,000 allotted from BID revenues.
- If there are cost increases associated with this phase, DDI would either reallocate funds from other programs or utilize private fund raising dollars to cover the overage.
- The planning process includes a significant public outreach component to gain community support.
- The estimated price for the total project is \$50,000-\$60,000.

### **Streetscape Improvements**

Purpose: increased maintenance services and enhancement projects will serve to protect existing assets and continue to foster an environment conducive to future investments.

#### Estimated Fiscal Impact:

- As Downtown continues its growth, basic service levels must increase in order to keep pace with the increasing daytime and nighttime populations.
- Lighting Program Initiative to better enhance the pedestrian experience in the Five Points market cluster is estimated at \$14,000. If possible, DDI would like to consider utilizing existing improvement grants and private partnerships to further enhance the program. This initiative is considered to be both a marketing and streetscape related project which would have a positive impact on the business community.
- Trash Receptacle Refurbish Program will provide for a more attractive streetscape and reduce the amount of litter. The estimated cost of the program is \$10,000 which would remove a damaged receptacle from the street, then refurbish (which would include dent removal, sand-blast, and paint) and reinstall in the downtown as a replacement for other damaged units. It is estimated that 12-15 units could be serviced in this manner.
- Brick Paver Sidewalk "Soft" Repairs will reduce the number of potential pedestrian trip hazards locations by supporting the existing City sidewalk repair program. The program would address minor paver repairs resulting from basic environmental and weather-related conditions. The program would remove the sunken or damaged pavers, re-grade the sand-base then reinstall and secure the pavers. The estimated cost of the program is \$6,000 which would allow for routine repair

#### Termination for Convenience Provisions

The contract allows the parties to terminate this Contract for convenience (TFC) by giving the other party sufficient advanced written notice.

#### Amending BID Services Contract

The contract stipulates that the parties agree to negotiated amendments to the contract to address any substantive differences in actual BID tax revenues compared to estimated BID tax revenues. Pursuant to Section 3.0 of the contract, the City Manager has the authority to make any amendments to the contract as a result of such substantive differences in actual versus estimated BID tax revenues. The City will keep contractor informed of BID tax revenues actually collected and if it appears that BID tax revenues collected during the term of the contract will result in an overage, the City will meet with Contractor to discuss the impact of such overage on the Contract, if any.

#### Payment Terms

The term of the contract is for one year according to the City's fiscal calendar, beginning on July 1, 2014 to June 30, 2015.

Under the contract, the City payments to DDI for each category of BID services for the fiscal year according to the categories identified in the chart below:

#### BID SERVICES BUDGET FOR FY2015

GENERAL PROGRAM DESCRIPTION	BUDGET
Clean and Safe Services	\$378,000
Special Events Administration	\$ 14,000
Enhanced Economic Development, Marketing and Promotion	\$228,803
Administrative Line Items Share of DDI Budget	\$32,700
<b>TOTAL BUDGET</b>	<b>\$653,503**</b>

\*\* Subtotal amount for BID Services subcategory and Total Budget is subject to adjustment based upon the approved BID tax rate established by the Durham City Council and actual revenue receipts from the BID tax.

DDI must submit a detailed quarterly report of program activities and accomplishments associated with the expenditure of City Funds to the City's Office of Economic and Workforce Development

#### Alternatives

The City Council could vote not to authorize execution of this contract with Downtown Durham, Inc. to perform the scope of services for the Contract for City Services and Programs for the Downtown Durham Municipal Service District – FY20145. Downtown would then not have an organization to provide BID services and the City of Durham would need to find some other means of providing enhanced services within the BID, if the special BID tax is levied against property owners within the BID.

**Financial Impact**

Funding would come from the following sources:

General Fund	\$250,000
BID Property Tax Revenue	\$403,503
Total Estimated Revenue funding	\$653,503

Revenues from the aforementioned would pay for the enhanced services mentioned in the contract. The BID contract will be accounted for in a separate special revenue fund.

**SDBE Summary**

The Department of Equal Opportunity/Equity Assurance did not review this item for compliance with the Ordinance to Promote Equal Business Opportunity in City Contracting.

**Attachments**

- Contract for City Services And Programs For The Downtown Durham Municipal Service District – FY2015, containing 16 pages
- Exhibit A - “Scope of BID Services FY2015, containing 4 pages
- Exhibit B - “BID District Services Budget for FY-2015”, containing 1 page